



TO: Elizabeth Pauli, City Manager
FROM: Jackie Flowers, Director of Utilities, Tacoma Public Utilities
COPY: City Council and City Clerk
SUBJECT: Proposed Rate Ordinance – Amend and revise Tacoma Power Rate & Financial Policy
November 13, 2018.
DATE: November 1, 2018

SUMMARY:

Tacoma Power requests approval by the Public Utility Board and the City Council of changes to the Tacoma Power Electric Rate & Financial Policy.

BACKGROUND:

Tacoma Power’s Electric Rate & Financial Policy gives direction to future rate and financial planning decisions and helps ensure that reliable service is provided to all customers at the lowest possible cost consistent with prudent utility management.

The Public Utility Board conducted reviews of Tacoma Power’s Electric Rate & Financial Policy and Tacoma Water’s Water Rate & Financial Policy as part of the rates process on May 9, 2018 and August 8, 2018. The proposed policy changes provide better alignment between the respective rate and financial policies of Tacoma Power and Tacoma Water.

ISSUE:

The following are the proposed changes to Tacoma Power’s Electric Rate & Financial Policy:

1. In Section I.G. (Low-Income Customers), modify the description of rate setting objectives for low-income customers to include senior and disabled customers and address programs available through utility assistance programs. The same language will be used in the Electric Rate & Financial Policy and the Water Rate & Financial Policy. This will modernize the existing language for customers who may benefit from utility assistance programs and enable better alignment between Tacoma Power and Tacoma Water’s policies.
2. In Section I., add a rate setting objective to maintain rate stability. This reflects the approach for long-term financial planning in Tacoma Power’s Long-Range Financial Plan and enables better alignment between Tacoma Power and Tacoma Water’s policies.
3. In Section IV.B.3, add a description of a phased-in approach for rate adjustments if a disproportionate change in rate levels is expected for certain classes. This enables better alignment between Tacoma Power and Tacoma Water’s policies.

ALTERNATIVES:

An alternative would be no change to Tacoma Power’s Electric Rate & Financial Policy. The impact of no change: (1) Tacoma Power’s business practices would be inconsistent with the policy, and (2) Tacoma Power would continue to have outdated language regarding low-income assistance programs and not align with Tacoma Water’s current or proposed Water Rate & Financial Policy. For example, not adding the proposed rate stability section would diverge from current practice and intent, and also lack alignment with a similar provision in Tacoma Water’s Rate & Financial Policy.



RECOMMENDATION:

Tacoma Power requests approval by the Public Utility Board and the City Council of recommended changes to the Tacoma Power Electric Rate & Financial Policy.

FISCAL IMPACT:

None.

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
TOTAL			

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
TOTAL			

POTENTIAL POSITION IMPACT:

POSITION TITLE	PERMANENT/ PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
TOTAL			

This section should only be completed if a subsequent request will be made to increase or decrease the current position count.

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: none

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? n/a

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.